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## TRIAD - Frauds and Scams

### **Why do cons target seniors?**

**Vulnerability and Loneliness** -- Con men prey on vulnerability and loneliness. They may spend hours talking to prospective victims. At first, they try to get a small contribution and establish some sort of trusting relationship with an elderly person. They may even seek to substitute their guidance for that of a distant family member or friends.

**Declining Health** -- The declining health that comes with age makes it difficult for some seniors to leave their home and deprives them of their ability to perform even simple household repairs. This can make the offer of chores performed by a traveling company or workman con-artist very difficult to resist. Declining mental health due to Alzheimer's Disease or another ailment may make it difficult for seniors to remember whether they agreed to make a particular investment or to send a check for a cause.

**Accessibility** -- Being retired or suffering from physical problems, seniors are the group of people most likely to be at home to receive a telemarketer's call or a visit from a door to door salesman.

**Isolation** -- Isolation is an increasingly sad fact of life for seniors. Loneliness can sometimes cause them to reach out to telemarketers for company, and thus lay the groundwork for their being conned. Furthermore, seniors may not have regular contact with relatives and friends with whom they can discuss prospective investment schemes or financial affairs. They often have no one they can trust to double-check their financial affairs.

**Money** -- Cons target seniors because they believe seniors have a ready and large supply of money from their life's savings or they have valuable property.

**Investment Schemes** -- may appear particularly tempting to seniors because they are frequently on a fixed income but would like to make more money for their future

security.

## **Warning Signs and Elder Fraud Schemes**

- "Free" gifts that require you to pay shipping and handling fees, redemption fees or gift taxes before delivery
- "High profit, no-risk" investments
- "Act now" and other high-pressure sales tactics
- A request for a credit card number for identification purposes or to verify that you have won a prize
- Refusal to provide written information or even the most basic details about an organization
- Organizations that are unfamiliar or have only a post office box for an address

## **Telemarketing Fraud and Senior Citizens**

Every day, elders receive phone calls from solicitors who tell them, "This is your lucky day." Telemarketing is a huge business in the United States. However, there is no way to tell how much telemarketing is fraudulent, because victims are often too embarrassed to report their losses to the police. Fraudulent telemarketers are often difficult to catch because they have a fly-by-night style of operation. They often work in "boiler-rooms," which involve leased space with banks of telephones, staffed by scam artists.

Once under investigation, they can shut down easily, change their company name, and move to another town or state. Attorneys General have taken action in past years against an estimated 150 operations. It is estimated that fraudulent telemarketers steal more than \$1 billion a year from hardworking Americans.

## **Example of Telemarketing Fraud Investment Scam**

Many telemarketers may try to engage elders in fraudulent investment schemes. These schemes seem to offer investors an irresistible and virtually risk-free way to "get rich quick."

In one case, a telemarketer was trying to get potential investors to buy space for a satellite on a space shuttle. The space would cost \$2.5 million for the company to reserve, but the telemarketer said it could sell the space to another company in another five years for as much as \$5 million.

Thus, investors would "double their substantial investments." There is a program like the one described by this fraudulent telemarketer. However, the telemarketer had no ties to NASA or any company that dealt with satellites or spaceships. The pitch urged investors to "act now and not to let anyone in on the great deal" that they were about to receive.

**REMEMBER:** Legitimate investment firms rarely, if ever, operate by telephone, and will always provide written information and time to think an investment over.

## **Door to Door Scams**

### **Home Improvement Scam--Yard Work**

A Virginia woman paid a door-to-door yard service worker a total of \$26,310 over a three-month period for pruning and planting work in her modest yard. After completing an initial job costing \$1,710, the worker showed up repeatedly to solicit more work. He made outright demands for work and payment until the terrified homeowner called the police, who promptly arrested the man.

### **Paving Scam**

Other types of home improvement scams include services such as roofing and paving. In paving schemes, a contractor may drop by and offer to resurface or reseal a driveway. He may demand money up front as a deposit and never return, or he may spread something on your driveway that looks like blacktop, but which will crack in the next rainstorm. This type of scam has been known to operate in Virginia. Unfortunately, cases like this are all too common.

## **Mail Order Solicitations**

Beware of filling out mail order solicitations that say you have won a prize. Most of them are looking for potential victims to call.

**MOST IMPORTANTLY**, if you suspect that you or someone you know has been a victim of elder fraud, immediately contact your local police or the Attorney General's Office. Often, victims of scams are too embarrassed by being "taken" to report their losses. **Con artists can continue to operate their scams if their crimes remain unreported.**

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